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SUBJECT: BELIZE:

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11. (U) Summary. Following a crushing defeat in February's general elections, former People's United Party's Prime Minister Said Musa resigned as party leader. A leadership struggle ensued between his preferred successor and a group of reformers who had challenged party leadership in the past. The leadership contest has further fractured an already beleaguered party inducing party founder George Price to denounce the lead reform candidate and request his removal from the party. Rumors that the new government will file criminal charges against Musa and his allies abound. End Summary.

12. (U) The general election on February 7 yielded a landslide victory for the United Democratic Party (UDP). Of the 31 contested seats, the People's United Party (PUP), that had governed with a large majority for more ten years, won only six seats - in two cases retaining seats by less than 20 votes (ref A). The former Prime Minister Said Musa, resigned as party leader and a power struggle ensued. A leadership contest developed between former Education Minister Francis Fonseca and a group of reformers who had resigned from Cabinet during the previous government. Two of the reformers (Mark Espat and John Briceno) planned to run for the party leader position at the PUP national convention scheduled for March 30.

13. (U) By March 17, both reform candidates withdrew from the race citing the contest as "closed, undemocratic, and fixed." Francis Fonseca, the only remaining candidate, is closely tied to the unpopular leadership of the previous government and shares the surname of his cousin Ralph Fonseca who has been pilloried in the press for alleged illegal activities. The reformers and local media accuse the discredited former leadership of doing everything possible to anoint Francis their hand-picked successor.

14. (U) On March 19, revered former Prime Minister and PUP party founder George Price, in his role as senior party advisor, submitted a letter to the National Executive of the PUP asking that reform leadership candidate Mark Espat be removed from the party. The letter cited party disloyalty and included allegations of conspiring with the UDP to have former PUP government officials arrested.

15. (U) Former Prime Minister Musa and his close allies have come under increased pressure due to allegations of criminal wrongdoing. Press reports state that as early as next week criminal charges will be filed against former government officials including Musa. The charges will most likely be linked to financial improprieties relating to a government guarantee of private debt. If Francis Fonseca emerges as PUP leader, he may be involved in the investigation as he signed the original government guarantee in his role as Attorney General (ref B).

16. (U) Comment: Despite the PUP's crushing defeat at the polls in February that seemed to indicate the public's outcry for greater transparency, honesty, and good governance in Belize, it appears the former Prime Minister and his close cronies are reluctant to relinquish their remaining claim to power. With representatives of the old guard maintaining a stranglehold on the PUP, and the former

Prime Minister and his cronies pulling the strings, the party is unlikely to leave behind allegations of corruption or gain popular strength for the next elections. End Comment.

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